

6 FAH-5 H-330 COST-DISTRIBUTION METHODS

(CT:ICASS-5; 07-21-2006)
(Office of Origin: RM/ICASS)

6 FAH-5 H-331 GENERAL

(CT:ICASS-5; 07-21-2006)
(Applies to participating ICASS agencies)

The Interagency Working Group (IWG) in Washington sets the distribution method for each cost center. Distribution factors are standardized worldwide between Lite and Standard and are not subject to local deviations. There are four cost-distribution methods (see below).

6 FAH-5 H-331.1 Straight Capitation

(CT:ICASS-5; 07-21-2006)
(Applies to participating ICASS agencies)

An agency is charged for services provided based on head count (e.g., the number of locally employed staff (LES) at post). Posts should count only those positions that are filled on May 1, and any new NSDD-38 positions filled between May 2 and August 15. This is the simplest, most straightforward method but may not adequately reflect the differences in level or quantity of services provided.

6 FAH-5 H-331.2 Static Distribution

(CT:ICASS-5; 07-21-2006)
(Applies to participating ICASS agencies)

Costs are distributed based on static units or measurements, e.g., space occupied or used—square meters or units used such as telephone devices. Cost of maintaining communal use space is distributed by weighting based on space occupied. Cost centers that use this cost factor are leasing, local guard program, computer support services, etc.

6 FAH-5 H-331.3 Cumulative Count

(CT:ICASS-5; 07-21-2006)

(Applies to participating ICASS agencies)

Costs are distributed based on cumulative counts of number of miles driven, number of lines of fiscal coding processed, weight of pouches shipped, etc. All counts are accumulated in the course of daily work for accountability as well as for cost distribution. In some cases, such as weight of pouches shipped, cumulative counts are charged based on an estimate of annual use. The estimate is derived from an annualized sample of prior-year actuals, or other agreed-upon methodology. The period of counting for cumulative counts extends from May 1 to April 30 of the following year for the workload count to be used in the subsequent fiscal year.

6 FAH-5 H-331.4 Other Cost-Distribution Methods

(CT:ICASS-5; 07-21-2006)

(Applies to participating ICASS agencies)

Costs are distributed based on a factor developed unique to the specific service provided. Currently, the procurement services cost center is the only cost center with a unique factor. Costs in the procurement services cost center are distributed as follows:

- 3** = one procurement valued at \$100,000 or greater;
- 2** = one procurement valued at \$2,500 to 99,999;
- 1** = one procurement valued under \$2,500.

6 FAH-5 H-331.5 Modification of Cost-Distribution Methods

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(Applies to participating ICASS agencies)

For cost centers in which a modification is permitted, as described in the cost distribution tables, post's council must agree upon the level of service for each agency when using a less than full modification factor. The agency seeking a modification has the responsibility to justify and document the basis for any modification requested before the council. Modification factors that may be applied to the four distribution factors are as follows:

- 1** = full service;
- .6** = mid level;
- .3** = low level.

NOTE: The use of sub-cost centers is common at Lite posts where an agency or agencies may wish to only subscribe to one or two services within a cost center, e.g., in GSO services, using only shipping and customs. Use of sub-cost centers in this case may be preferable to a workload modification to reflect the differences in cost of services provided. However, the council must evaluate carefully the additional work involved in the use of the sub-cost center versus the simplification of the process using a modification factor.

6 FAH-5 H-331.6 Timeline for Workload Counts

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(Applies to participating ICASS agencies)

- a. January through March: Post ICASS councils should meet to review and discuss the workload count methodology and modifications. This will ensure that all post ICASS council representatives and service providers have a common understanding.
- b. May 1: The service provider records the workload counts for each agency, i.e., cumulative workload counts for the past year and a snapshot taken for static workload counts such as capitation and square meters.
- c. June 1: The service provider provides to the customer agency, in writing, the workload counts that will be used to distribute ICASS costs in the following fiscal year. Post ICASS councils are strongly encouraged to meet to discuss the workload counts provided by the service provider and any modifications approved by the council.
- d. June 15 (Mid-June): Headquarter representatives contact their local representatives to affirm that counts were taken by May 1 and reviewed by the post ICASS council during the first week of June.
- e. July 1: The customer agencies must provide the service provider written approval of these workload counts. Once approved, these workload counts will be used in the initial and final budget submissions.

6 FAH-5 H-331.7 Formula for Determining Workload Count

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(Applies to participating ICASS agencies)

- a. Abolished positions: The following formula should be used for prorating the workload count to apply the portion of ICASS services actually received. **NOTE:** This is different from a modification (which is based on level of service received):

0-3 months = No capitation count;

3-6 months = .5 capitation count;

6-12 months = 1.0 capitation count.

- b. Vacant positions: If an agency has positions that are vacant on May 1, these positions will not be counted.
- c. New positions: If the position is filled as of May 1, it should be included in the count. For all new positions that are filled between May 2 (after the count is taken) and August 15 (the cut-off for filing partial-year invoices), post will prepare a partial-year invoice for the current fiscal year and will include the filled new position in the counts for that agency for the following fiscal year beginning October 1. For all new positions that are filled after August 15, post will wait until after the final of the following fiscal year and prepare a partial-year invoice (up to a maximum of 11 months).

6 FAH-5 H-331.8 Changing Workload Counts

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(Applies to participating ICASS agencies)

- a. Workload counts are set once each year on May 1, prior to the beginning of the fiscal year, and cannot be changed.
- b. Abolishment of positions: If a customer agency is abolishing filled position(s), that agency should notify the service provider as soon as possible—preferably giving six months notice, of the planned reduction. Post should change the agency's count at the next possible opportunity, either at the beginning or end of the cycle.
- c. The service provider may change workload counts in the final budget to correct errors (e.g., forgetting to include a workload count for an agency, including a workload count for an agency that has left post, or including a workload count in a cost center not subscribed to) that occurred in the initial budget. Error corrections should be communicated to the post ICASS council as soon as discovered to ensure transparency.

6 FAH-5 H-332 DIRECT CHARGING

(CT:ICASS-5; 07-21-2006)

(Applies to participating ICASS agencies)

- a. Not all costs should be billed under the post's ICASS memorandum of understanding (MOU). To be a candidate for billing by direct charge, a task or service should be:
 - (1) Clearly separable as a distinct activity attributable to a specific

agency;

- (2) Easy to price accurately without extensive accounting analysis;
- (3) Mutually agreed to by both the customer and service provider; and
- (4) A service that is outside or beyond the scope of the post's ICASS MOU, the cost of which is not already included in the post's ICASS budget.

For example, the rent, utilities, and furnishings of a short-term leased, stand-alone, solely occupied office building is a prime example of a clearly distinct activity that is billed via direct charge. A control room in a rented hotel room for a visiting VIP delegation, a contract with a commercial firm to provide translation services solely for one agency, or the rental of vehicles to be used for a specific trade fair, are all activities which clearly are distinct and chargeable directly to one customer. There are examples where it is appropriate for a service provider to render a service via direct charge in certain circumstances while other posts will offer the same service under that post's ICASS MOU. The key is to ensure that both the service provider and all the customers understand and agree in advance as part of the post's MOU on how these charges will be handled and that the agreement is applied consistently in practice to avoid favoring or disadvantaging one group of customers over another. A customer cannot be forced to take an ICASS service on a direct-charge basis nor can a service provider be forced to provide a new or non-ICASS service via direct charge if it has neither the capability nor interest to offer that service.

- b. Direct charging of services performed by ICASS personnel involves a number of issues that posts should be sure to address in considering the four criteria outlined in the prior paragraph. If a potential customer that did not subscribe to the reproduction cost center under ICASS wanted 500 copies of a brochure, having the technician run the job after hours so that the agency paid the overtime plus materials does not completely cover the full cost of the job. To do so, the post would have to assess the customer a portion of the overhead and ICASS redistribution. Under most circumstances doing so for an agency resident at post would be complicated and cause the proposed task or service to fail the first, second, and fourth criteria.

6 FAH-5 H-333 THROUGH H-339 UNASSIGNED